



Fergus Falls/Detroit Lakes/Moorhead Area Housing & Community Dialogue Notes

General Topics:

- Housing is a favorite topic and extremely important to Fergus Falls
- General need for more action and conversation about the possibilities for finding solutions
- Currently there are 350 open jobs in Perham – housing is a major barrier for recruitment
- Because of demand for products, trucks are going out half full – with more workers they could save costs and send the trucks out full
- Perham has created the Progressive Perham website including both job postings and a housing board
- Grow Perham collaboration has created 8 million worth of apartments
- Currently the region is facing high construction costs due to competition from North Dakota for labor and materials
- Starting wages in Perham are around \$13 - \$15 an hour – this is about \$27,000 - \$32,000 a year so affordability is important
- Currently the Perham collaborative is working on buying a bus to run routes to the East where housing is more plentiful
- KLN also has a program where they are going to be bringing in temporary guest workers from the Ukraine, but they need places to live if the program is going to work
- Generally the region needs more people who have vocational training for the construction industry – there are plenty of opportunities for people to work construction but where are they going to come from?
- The west side of Ottertail County – Fergus Falls is different from the East. There is more interest in senior housing, mostly singles, with very tight incomes, Cooperative and apartments that have been built are very well occupied
- Fergus Falls has transportation, but there is so much pressure from Fargo and West Fargo for trades and investment
- The economic improvement commission is always talking about workforce housing
- Fergus Falls is currently building 103 units of apartments and is working on redevelopment of the state hospital with potential for market rate and affordable housing development
- Pelican Rapids is looking for more workers for the turkey plant.
- There is potential for part time employees across the region to become full time employees – if workers want more hours it could be easier than trying to bring in more workers
- Across the region houses are moving off the market quickly and the housing is not inexpensive
- The tight rental market is also creating a tight market for sale of houses



- Despite the tight market, there is little new construction and no spec home development
- Apartments in \$850 a month with one stall garage are going fast
- There is a lot of apprehension about the future
- The risk factors are preventing development of spec homes
- Down payment costs are a barrier for lower wage workers
- There are local loan pools for down payment assistance - \$10,000 for home buyers
- There is a shortage of homes – preapproved buyers cannot find places to buy. There is a need for more homes in the 75k – 150k range
- Wells Fargo is doing a large amount of loans on manufactured homes
- Production of manufactured homes is keeping up with demand for now
- Many communities do not have any land that is available for manufactured homes – zoning and land use does not allow them
- Potential to take a subdivision type approach to get production of homes going
- Some areas of the region are struggling with blighted housing – the purchase is expensive and then the repair costs are expensive
- There needs to be more long term thinking – 28% of population with the over 65 in 25 years if the projections are true
- People are not going to be in nursing homes – there is far less demand for that kind of housing
- Move to more home based health care
- Need for senior housing – smaller units but not necessarily assisted living
- Village cooperative standard program is all laid out – probably FHA financing
- There is a desire for a deep-dive practitioner workshop in the area to try to bring all of these ideas and programs together
- Potential for a community land trust model in the region – a way to keep costs down for lower wage employees interested in home ownership
- Figure out ways to model what Perham has done with development of apartments with an eye toward sustainability
- In Morehead homelessness has been a significant challenge, and getting harder due to pressures from North Dakota
- Collaborative efforts to development supportive housing for homeless families – shifting away from just emergency shelter to permanent housing will stabilize families
- There is a general sense that the development and investment is happening on the Fargo side of the river, but there is need on the Morehead side
- There has been success in getting developers to recognize Morehead as a place where they can work – cities have to be proactive reaching out to builders and developers



Multifamily New Construction and Workforce Housing:

- Challenges and markets
 - Pelican Rapids
 - Mostly market rate units and not much new construction
 - The prevailing wages will put some employees over tax credit income limits
 - Thief River Falls example from GMHF
 - Currently working on River Falls Estates
 - City provided TIF
 - Set market rents a little higher = more risk
 - GMHF provided guarantee and partnered with a local bank
 - 80% AMI money
 - Essential Function bonds
 - GMFH flexible perm loans
 - Housing and Job Growth \$
 - Senior Housing and aging in place
 - Seniors moving to regional centers to access services
 - There is growing demand, but we need to know more about the nature of the demand – rental, condo, affordable, market, etc.
 - Expectations that seniors will move out of SF housing into MF and free up housing stock
 - North Dakota shifted priorities to senior housing
- Workforce Housing needs
 - Job growth in there is cities like Perham and there is local capacity, but need for long term interest rate financing – this has been hard to access
 - It is hard to tie the apartments to jobs – in Perham they expected workforce but seniors moved in to some units. In other communities the residents are taking jobs elsewhere in the region
 - There could be benefits for local banks to partner with GMFH to move development
 - Income restrictions are key
 - Tax credit income limits are on the lower side particularly for dual earner households
 - For the local workforce 80% AMI is doable
 - Construction costs
 - Certain trade are hard to find – this drives up costs
 - Perception that many skilled workers are going to ND
 - Developers are more lively to do business in ND because they can develop much cheaper
- Promise and commitment to house certain populations



- Employer, certain jobs (cops)
 - Not income restricted but restricted by other criteria
 - Employer master leasing as a strategy to incent development and to ensure housing for local workforce
- Contributions from local employers important
 - Money
 - Materials
 - Land
 - Many contributions have tax benefits – charitable contribution, tax credit, etc.
- Interest in how to kick start development
 - How to work with and access lender capacity
 - Working with developers – what do they look for
 - Following the guidance of the QAP and getting the easy points first to be competitive
 - High growth areas
 - LTH units
 - Places with market opportunity – if there is demand and developers know there is demand they will come to an area – it is sometimes hard to get noticed as a smaller market
- Strong interest in keeping in touch and doing some more in-depth conversation about available resources going forward

Single Family:

- Challenges:
 - Low wages vs. cost of living
 - Engaging and involving employers
 - High cost of new construction – materials and labor
 - Owners intimidated by new construction process or overwhelming rehab needs
 - Landlords purchase affordable homes with rehab needs – no rehab happens and the housing stock deteriorates
 - 80% area median income - very difficult to meet
 - RRDL – difficult for smaller properties with 1-4 units
- Strategies and solutions:
 - Lease purchase options?
 - Residential TIF – has higher income limits for single family
 - Rental rehab programs targeted at single family homes
 - Manufactured/mobile housing



- Challenge with resale
 - Only conventional mortgages for real property, otherwise financing difficult
 - RD program guarantee original loan
 - Income and credit challenges for potential purchasers
- Rural areas – more affordable?
- People miss the MURL program – the funding source is gone, but are there other ways to do similar work?

Supportive Housing:

- Strategies:
 - Different less expensive models of housing
 - Involve the entire community in addressing issues and creating solutions
 - Develop more housing of all types
 - Recognize owners who take risks
 - Increase subsidy for quality and/or increase enforcement
- Solutions:
 - Indemnification funds
 - Religious and business institutions as support
 - Fund studies testing outcomes of different models
 - Bridging/developing relationships (communicate)